

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**COLLEGIATE HALL CHARTER SCHOOL DISTRICT NO. E-019
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2023

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2023

BOARD OF DIRECTORS

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Cassie Reese (Vice-Chair)

Cameron Seger (Treasurer)

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DISTRICT TREASURER

Jack Jenkins, CPA

ENCUMBRANCE CLERK

Amy Glowicki

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Collegiate Hall Charter School District No. E-019
Tulsa, Tulsa County, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Collegiate Hall Charter School District No. E-019, Tulsa County, Oklahoma (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the School, as of June 30, 2023, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School, as of June 30, 2023, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the School on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter – School Closure

As discussed in Note 10 to the financial statements, the School has ceased operations effective July 1, 2023 and is currently being dissolved. Any remaining assets after the dissolution of the School will be distributed to Tulsa Public Schools. Any outstanding liabilities or School obligations that arise after June 30, 2023 will be paid through a closing fund which was funded through private donations. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the School's basic financial statements. The accompanying combining financial statements-regulatory basis and other supplementary information and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 4, 2023



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Education
Collegiate Hall Charter School District No. E-019
Tulsa, Tulsa County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements – regulatory basis of the Collegiate Hall Charter School District No. E-019, Tulsa, Tulsa County, Oklahoma (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 4, 2023, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit results, findings and questioned costs, we identified significant deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies 2023-1 and 2023-2, described in the accompanying schedule of audit results, findings, and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These items, identified as items 2023-1, 2023-2, 2023-3 and 2023-4, are shown in the accompanying schedule of audit results, findings, and questioned costs.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of audit results, findings, and questioned costs. The School's response to the findings identified in our audit are described in the attached corrective action plan. The School's responses were not subjected to the auditing procedures applied in the audit on the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 4, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Board of Education
Collegiate Hall Charter School District No. E-019
Tulsa, Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Collegiate Hall Charter School District No. E-019, Tulsa, Tulsa County, Oklahoma's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 4, 2023

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2023

FINDING 2022-1 PURCHASE ORDERS

Condition: During the review of the general fund expenditures, we made the following observations:

- Purchase orders were not always encumbered against available appropriations prior to the obligations being incurred.
- Invoices / packing slips were not being signed as received.
- Obligations were not paid in a timely manner, therefore incurring late charges.
- Payments included the obligations from the prior fiscal year.
- Checks issued for payment did not always test foot to the supporting documentation attached to the purchase order.

Current Status: This finding continued in the 2022-23 fiscal year (see Finding 2023-1).

FINDING 2022-2 UNRECORDED LIABILITIES

Condition: We observed during the audit that there were purchase orders which were issued against fiscal year 2022-23 appropriations which were in payment of indebtedness actually incurred in the 2021-22 fiscal year, in the approximate amount of \$87,910.

Current Status: This finding was corrected for the 2022-23 fiscal year. The School closed June 30, 2023.

FINDING 2022-3 BOARD MINUTES

Condition: During the review of the Board agendas and minutes, we made the following observations:

- There were a couple of meetings that we were unable to determine if the regularly scheduled or special meeting actually took place, or if they were cancelled due to lack of quorum.
- The minutes that were available did not provide sufficient detail concerning the business to be transacted.
- We observed that the agendas did not state the place and the date/time where the agenda was posted, therefore we were unable to determine if the agenda was posted 24 hours prior to meeting.

- The calendar of regular meetings that was submitted to the County Clerk was based on the fiscal year dates (July-June), rather than a calendar year (January-December).
- We observed that the purchase orders approved were not always listed in the minutes.

Current Status: This finding improved but continued in the 2022-23 fiscal year (see Finding 2023-2).

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section 1 - Summary of Auditor's Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit reported two significant deficiencies in the internal controls over financial reporting (2023-1, 2023-2), which were considered to be material weaknesses.
3. The audit disclosed four instances of noncompliance (2023-1, 2023-2, 2023-3, 2023-4) which were material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified opinion report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under Uniform Guidance, 2 CFR 200.51(a).
7. Programs determined to be major are the COVID-19 Education Stabilization Fund-CARES/ESSER/ARP Programs (84.425U), which were not clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

FINDING 2023-1 PURCHASE ORDERS

Condition: During our review of the general fund expenditures, we made the following observations:

- There were a large amount of purchases where we were unable to locate any supporting documentation or could only locate partial documentation.
- We were unable to locate any original purchase orders or purchase requisitions that would document prior approval of expenditures.
- Obligations were not paid in a timely manner. We observed several invoices that included finance charges and penalties being assessed due to late payments and carrying a balance on the credit card.
- We were unable to verify that added appropriations were properly filed with the County Clerk's Office.

Criteria: Schools should follow Oklahoma Statutes for the initiating, recording, and paying of contractual obligations, which include the appropriate approvals, signatures, supporting documentation, encumbering in a timely manner, issuance of payment and proper coding. Reference: O.S. Title 70 § 5-135. In addition, State Auditor and Inspector Form 307 for supplemental appropriations is required to be completed and filed with the County Clerk prior to exceeding approved appropriations.

All expenditures should be properly authorized, adequate support be obtained and attached to the purchase order. Adequate support would include original, itemized invoices with vendor name, address, phone number and itemized in sufficient detail, prior to issuing payment. A non-commercial vendors claim should be completed and used in lieu of a vendor not providing an invoice.

Cause / Effect: Proper procedures were not in place over the accounts payable function for general fund purchases. This increases the risk that a misappropriation of assets will occur and not be detected whether due to error or fraud.

Recommendation: We recommend that the School enforce its policies and procedures which require that all purchase orders be signed by both the encumbering and purchasing officers, purchase orders be encumbered prior to the obligation being incurred, invoices or delivery tickets be signed as received, all purchase orders have either original invoices or non-commercial vendor invoices attached as proof of indebtedness and proper coding be utilized, as required by Oklahoma Statutes. We also recommend that all School obligations be paid in full and in a timely manner so the School will not be charged interest or late penalty fees.

Response: The School has not responded to the audit findings as of the date of this audit report.

FINDING 2023-2 CHILD NUTRITION

Condition: During our review of the Child Nutrition Programs, we made the following observations:

- We were unable to locate any daily meal count forms.
- Federal claims were not submitted in a timely manner.

Criteria: Federal compliance requirements requires that School's establish and maintain effective internal controls, including controls over accurate meal counts. Further, the State Department of Education requires that federal claims for reimbursement be submitted within 10 days of the month's end and claims will not be reimbursed if submitted over 60 days after the last day of the month being claimed.

Cause / Effect: Because the daily count information could not be located, we were unable to verify that the meals claimed were accurate. In addition, the School was not reimbursed for November's meals served since a claim was not submitted in a timely manner.

Recommendation: We recommend the School implement procedures to ensure accurate daily meal counts are calculated and compiled, and correctly transferred into the edit checks, and that these amounts are used for each month's claim. The daily counts and edit check sheets should then be attached to the monthly claim as support, and the monthly claim should be submitted in a timely manner.

Response: The School has not responded to the audit findings as of the date of this audit report.

FINDING 2023-3 BOARD MINUTES

Condition: During our review of the Board agendas and minutes, we made the following observations:

- There were a couple of board meetings that we were unable to determine if the regularly scheduled or special meeting actually took place, or if they were cancelled due to lack of quorum.
- The minutes that were available did not provide sufficient detail concerning the business to be transacted.
- We could not verify that the calendar of regularly scheduled meetings was submitted to the County Clerk in a timely manner.
- Purchase orders approved were not always listed in the minutes.

Criteria: Board meeting agendas and minutes should be permanently kept on file and available for review. If a meeting is cancelled or rescheduled, it should be clearly stated in the minutes file and proper notice should be filed with the county clerk. Board minutes should also provide sufficient detail concerning the business to be transacted. Further, the Open Meeting Act requires that agendas be posted prior to regularly scheduled meetings and that public notice of each calendar year of meetings should be given to the County Clerk prior to December 15th of each year for the upcoming year's meetings.

Cause / Effect: Because certain minutes could not be examined and were not properly detailed, we were unable to determine if the school district followed the Open Meeting Act.

Recommendation: We recommend that all board minutes and agenda be properly filed and made available for review and proper documentation should be made if a meeting is cancelled or rescheduled. We recommend that the regular meeting dates be prepared for the calendar year and that these dates be submitted to the County Clerk for each upcoming year by December 15th of the previous year. We also recommend that the numbers of the purchase orders be approved at each monthly meeting and the numbers be listed in the minutes, or as an attachment to the minutes, e.g., general fund purchase order numbers 26-87, as well as the total dollar amount approved for each fund. Further, we recommend that the Board of Education review the open meeting requirements and follow the applicable procedures detailed therein.

Response: The School has not responded to the audit findings as of the date of this audit report.

FINDING 2023-4 DEFICIT FUND BALANCE

Condition: We observed during the audit that the general fund had a June 30, 2023 fund balance of (\$30,190).

Criteria: The District should follow the State Department of Education regulations, which states that at no time should any fund operate in a negative cash position.

Cause/Effect: Proper review procedures were not in place to adequately monitor the financial activities of the District. This results in the decisions over financial related matters to not be done in a timely manner, therefore increasing the possibility of the District incurring a deficit fund balance throughout the year.

Recommendation: We recommend that proper planning, budgeting, and monitoring of revenues and expenditures be performed throughout the fiscal year to ensure that a negative fund balance is avoided at all times.

Response: The School has not responded to the audit findings as of the date of this audit report.

Section 3 – Findings and questioned costs for federal awards:

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

COLLEGIATE HALL CHARTER SCHOOL NO. E-19, TULSA COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2023

	<u>GOVERNMENTAL FUND TYPES</u>
	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash & Investments	\$ 306,153
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Warrants/checks payable	\$ 59,940
Encumbrances	276,403
Total liabilities	<u>336,343</u>
Fund Balance:	
Unassigned	<u>(30,190)</u>
Cash fund balances	<u>(30,190)</u>
Total Liabilities and Fund Balance	<u>\$ 306,153</u>

The notes to the combined financial statements are an integral part of this statement

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	GOVERNMENTAL FUND TYPES
	GENERAL FUND
Revenues Collected:	
Local sources	\$ 643,480
State sources	2,255,456
Federal sources	808,569
Interest earnings	1,799
Total revenues collected	<u>3,709,304</u>
Expenditures:	
Instruction	1,858,332
Support services	1,680,272
Operation of non-instructional services	291,489
Total expenditures	<u>3,830,093</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	 (120,789)
Other financing sources (uses):	
Adjustments to prior year encumbrances	<u>63,827</u>
Excess of revenues collected over (under) expenditures	 (56,962)
Cash fund balances, beginning of year	<u>26,772</u>
Cash fund balances, end of year	<u><u>\$ (30,190)</u></u>

The notes to the combined financial statements are an integral part of this statement

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 840,000	1,010,189	643,480	1,505,356
State sources	1,961,306	2,046,099	2,255,456	1,716,484
Federal sources	670,000	840,696	808,569	799,675
Interest earnings			1,799	130
Total revenues collected	<u>3,471,306</u>	<u>3,896,984</u>	<u>3,709,304</u>	<u>4,021,645</u>
Expenditures:				
Instruction	1,485,644	1,911,322	1,858,332	1,816,532
Support services	1,712,434	1,712,434	1,680,272	2,171,343
Operation of non-instructional services	300,000	300,000	291,489	
Other outlays:				
Charter schools				37,133
Total expenditures	<u>3,498,078</u>	<u>3,923,756</u>	<u>3,830,093</u>	<u>4,025,008</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(26,772)	(26,772)	(120,789)	(3,363)
Other financing sources (uses):				
Transfers in (out)				73,205
Adjustments to prior year encumbrances			63,827	72,022
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>63,827</u>	<u>145,227</u>
Excess of revenues collected over (under) expenditures	(26,772)	(26,772)	(56,962)	141,864
Cash fund balance, beginning of year	<u>26,772</u>	<u>26,772</u>	<u>26,772</u>	<u>(115,092)</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>(30,190)</u>	<u>26,772</u>

The notes to the combined financial statements are an integral part of this statement

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Collegiate Hall Charter School No. E-019 (the “School”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The School’s accounting policies are described in the following notes that are an integral part of the School’s financial statements.

A. Reporting Entity

Collegiate Hall, Inc., an Oklahoma not-for profit corporation described in Internal Revenue Code Section 501(c)(3), was formed for the benefit of a school to be called Collegiate Hall Charter School. The School was formed under provisions of the Oklahoma Charter Schools Act (Oklahoma Statutes 70-3-130) through a contract with Independent School District No. 1 of Tulsa County, Oklahoma (Tulsa Public Schools), as its sponsoring school, a political subdivision of the state. The current contract commenced on July 1, 2015, and terminates on June 30, 2023. The School is entitled to receive its pro rata share of revenue generated by the School’s enrollment as calculated by the State Department of Education, minus a 3% administrative fee retained by Tulsa Public Schools. The governing body of the School is the Board of Directors of the School, and the appointed superintendent is the executive officer of the School.

Although the School is a not-for-profit entity that would normally follow the presentation requirements of the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) No. 958-205, the School is considered a quasi-governmental entity subject to the reporting requirements of the Oklahoma State Department of Education. Therefore, the School is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma’s support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes and the Oklahoma Charter Schools Act.

In evaluating how to define the School, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School and/or its citizens, or whether the activity is conducted within the geographic boundaries of the School and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the School is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the School's reporting entity.

B. Measurement Focus

The School uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the School except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus - cont’d

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds for the School typically include the child nutrition funds.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The School operates their child nutrition program within the general fund.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School. The terms “non-expendable” and “expendable” refer to whether or not the School is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the School holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The School did not maintain this fund during the 2022-23 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the School.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and school-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. The School did not maintain an agency fund during the 2022-23 fiscal year.

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus - cont’d

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The School prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis for State and Local Governments* with certain modifications. This format differs significantly from that required by GASB 34.

The financial statements are essentially prepared on the basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants/checks payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

C. Basis of Accounting and Presentation – cont’d

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

The School is required by state law to prepare an annual budget. The Board of Education must request an initial temporary appropriations budget from their County Excise Board before June 30. The School uses the temporary appropriation amounts as their legal expenditure limit until the annual Estimate of Needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each Board of Education shall prepare a financial statement and Estimate of Needs to be filed with the applicable County Clerk and the State Department of Education.

The 2022-23 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 425,678

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the School. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – The School considers all cash on hand, demand deposit accounts, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – The School considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2023 is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The School has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants/Checks Payable – Warrants/checks are issued to meet the obligations for goods and services provided to the School. The School recognizes a liability for the amount of outstanding warrants/checks that have yet to be redeemed by the School’s bank.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the School for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The School provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. School policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the School, control over which is exercised by the Board of Education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity – cont’d

Assigned fund balance represents amounts that are intended to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. Local sources of revenues may include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the School and the state and distributed to Schools in amounts that differ in proportion to those which are collected within such systems.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Schools.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

The School receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the School is entitled pursuant to an allocation formula contained in applicable statutes. All federal revenues received by the School are apportioned to the general fund.

Non-Monetary Transactions – The School receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the School, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the School or a third-party administrator.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2022-23 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School's cash deposits and investments at June 30, 2023 were \$306,153 at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the School or by its agent in the School's name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS – cont'd

Investment Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The School does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- County, municipal or school tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The School places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2023.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

4. GENERAL DEBT / LOANS

PPP Loans

On January 29, 2020 the School executed a promissory note for \$301,200 and on February 16, 2021 the School executed a second promissory note for \$341,818, both under the Paycheck Protection Program (PPP) authorized by the Coronavirus Aid Relief, and Economic Security Act (CARES Act). The loan bears an interest rate of 1.00%. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if certain employment levels are maintained during a specified period of time. If the Small Business Administration (SBA) confirms full forgiveness of the unpaid balance of the note, the School's obligation under the arrangement will be deemed fully satisfied.

The School remains obligated to repay the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from the SBA. If the School does not apply for forgiveness within 10 months after the last day of the covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due based on the remaining time until maturity.

During the 2020-21 fiscal year, the initial PPP loan of \$301,200 was forgiven by the SBA and was reported as local sources of revenue during that fiscal year. During the 2021-22 fiscal year, the second PPP loan of \$341,818 was forgiven by the SBA and was reported on the financial statements as a local source of revenue.

Line of Credit / Promissory Note

The School entered into, as of December 7, 2020, a Program-Related Investment Loan Agreement (the "Agreement") between the Charles and Lynn Schusterman Family Foundation (the "Lender"), an Oklahoma nonprofit corporation located at 110 West 7th Street, Suite 2000, Tulsa, OK 74119, and Collegiate Hall, Inc (the "Borrower"), an Oklahoma nonprofit corporation located at 110 East 45th Places, Tulsa, OK, 74105. The lender is willing to lend the Borrower a principal amount of up to \$850,000. The School executed a promissory note in the amount of \$650,000 during the 2020-21 school year. Initially the note was due on November 15, 2021, however the agreement was amended on May 26, 2022 and the Lender fully forgave the \$650,000 loan. The School reported the \$650,000 loan forgiveness as a local source of revenue on the 2021-22 financial statements.

The School had no outstanding debt as of June 30, 2023.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

The School has chosen not to participate in the Oklahoma Teachers Retirement System.

The School offered a 401K plan to its employees. Under the plan, the employer will match contributions dollar for dollar, not to exceed 3% of compensation. The percentage the employer will match is at the discretion of the School, dependent on year-end funding.

The retirement plan was terminated as of June 30, 2023. Currently, the plan is in the process of having the participants take lump sum distributions or a rollover to close out their account balances (see Note 10).

6. COMMITMENTS

Charter Contract – The School operates under a charter granted by Tulsa Public Schools (TPS). As the sponsoring organization, TPS exercises certain oversight responsibilities. Under this charter, the School has agreed to pay TPS an annual administrative fee equal to 3% of state aid revenue. The current charter contract is effective until June 30, 2023.

Building Lease – The School leases their buildings at 1100 East 45th Place, Tulsa, Oklahoma 74105 (Wright Building) from TPS. The lease agreement is renewable annually and also includes terms and conditions for utilities, maintenance, and ground keeping.

7. RELATED PARTY TRANSACTIONS

During the 2022-23 fiscal year, the School made \$297,694 in lease payments to TPS for the rental of facilities. TPS is the School's charter sponsor. The School also made \$56,374 in payments to TPS for administrative fees rendered, per the charter contract. Further, the School made \$165,317 in payments to TPS for child nutrition services. The School also paid TPS \$126,172 for past due lease and child nutrition invoices during the current 2022-23 fiscal year (shown as encumbrance liability on the financial statements). TPS is a separate entity from the School for operating and financial reporting purposes. These financial statements present only the activities of Collegiate Hall. Other than these payments to TPS by the School, none of the activities of TPS are included in these financial statements.

8. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The School purchases commercial insurance to cover these risks, including general and auto liability, property damage, public officials' liability, and workers compensation coverage. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

9. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the School during the 2022-23 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the School.

10. SUBSEQUENT EVENTS

Collegiate Hall Charter School terminated its operations effective June 30, 2023, with College Bound Academy Charter School assuming many of its activities and students effective July 1, 2023. Collegiate Hall is currently in the process of dissolving the Corporation and is expected that the dissolution procedures will be completed by October 31, 2023.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Education:</u>		
<u>Passed Through State Department of Education:</u>		
Title I Cluster:		
Title I Basic Program	84.010	\$ 100,603
Title II, Part A	84.367	12,305
Title IV, Part A	84.424	10,000
IDEA-B Special Education Cluster:		
IDEA-B Flow Through	84.027	49,093
* COVID-19 Education Stabilization Fund (ESF) - ARP ESSER III	84.425U	<u>426,752</u>
<u>U.S. Department of Agriculture:</u>		
<u>Passed Through State Department of Education</u>		
Child Nutrition Program Cluster:		
School breakfast program	10.553	90,596
National school lunch program	10.555	198,001
Supply chain assistance	10.555	<u>782</u>
Total Child Nutrition Program Cluster		<u>289,379</u>
Other Child Nutrition Programs:		
P-EBT	10.649	<u>628</u>
<u>Other Federal Assistance:</u>		
Charter School Program Grant	84.282	<u>21,341</u>
Total Federal Assistance		<u>\$ 910,101</u>
* Major programs		

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2023. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) . Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. None of the federal programs include any loan programs, loan guarantee programs, and has no sub-recipients.

Note 3 - Non-Monetary Assistance - Commodities received by the District were of a non-monetary nature.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	OCAS Project No.	Program or Award Amount	Balance at 7/1/22	Revenue Collected	Total Expenditures	Balance at 6/30/23
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I Basic Program	84.010	511	\$ 100,603		78,000	100,603	22,603
Title II, Part A	84.367	541	12,305		12,305	12,305	
Title IV, Part A	84.424	552	10,000		10,000	10,000	
IDEA-B Flow Through	84.027	621	49,093		42,843	49,093	6,250
COVID-19 Education Stabilization Fund (ESF) - ARP ESSER III	84.425U	795	426,752		368,202	426,752	58,550
Sub Total			598,753	0	511,350	598,753	87,403
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
Child Nutrition Programs:							
School breakfast program	10.553	764			88,507	90,596	
National school lunch program	10.555	763			169,325	198,001	
Supply chain assistance	10.555	759			17,418	782	
Sub Total					275,250	289,379	
Other Child Nutrition Programs:							
P-EBT	10.649	760			628	628	
<u>Other Federal Assistance:</u>							
Charter School Program Grant	84.282	771	21,341	0	21,341	21,341	0
Total Federal Assistance			\$ 620,094	0	808,569	910,101	87,403

Note 1 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the non-cash assistance noted in Note 2.

Note 2 - Food Distribution - Non-cash assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

Note 3 - None of the federal programs include any loan programs, loan guarantee programs, has no sub-recipients and does not use the 10% de minimus indirect cost rate.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2023


<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company	Superintendent	65528009	\$ 100,000	7/1/22 - 7/1/23
	Treasurer	65528009	100,000	7/1/22 - 7/1/23
	Payroll	65528009	100,000	7/1/22 - 7/1/23
	Encumbrance Clerk	65528009	1,000	7/1/22 - 7/1/23
	Minutes Clerk	65528009	1,000	7/1/22 - 7/1/23

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2022 TO JUNE 30, 2023

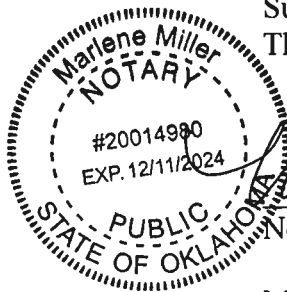
State of Oklahoma)
) ss
County of Tulsa)


The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Collegiate Hall Charter School for the audit year 2022-23.

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
Auditing Firm

By 
Authorized Agent

Subscribed and sworn to before me
This 4th day of October, 2023




Notary Public (or Clerk or Judge)

My Commission Expires: 12/11/2024
Commission No. 20014980